

# Modern Slavery Statement 2022



**SGH**  
SPOTLIGHT GROUP HOLDINGS

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# Reporting and Consultation

## 01.

Spotlight Group Holdings Pty Ltd (SGH) has prepared this statement to meet reporting requirements under the Australian Modern Slavery Act 2018 (Cth). The statement outlines the actions that have been taken by SGH to identify, assess, and address modern slavery risks across our operations and supply chains during the financial year ending 30 June 2022 (FY22).

SGH makes this joint modern slavery statement on behalf of all reporting entities within the group including the following:

- Spotlight Pty Ltd (ABN 39 564 861 886)
- Spotlight Limited (NZ Company no. 553661)
- Spotlight Pte Ltd (Singapore Registration no. 199504453C)
- Spotlight Stores Sdn Bhd (Malaysia COID 1063748-V)
- Anaconda Group Pty Ltd (ABN 53 955 173 782)
- Mountain Designs Holdings Pty Ltd (ABN 45 944 511 754)
- Harris Scarfe Pty Ltd (ABN 83 095 018 803)

and any other entities SGH owns or controls. Whilst some of the entities within SGH may not be reporting entities for the purposes of the Act, we have adopted a 'group-wide approach', and this statement applies to all of SGH's operations.

SGH has policies, systems and procedures that apply broadly across all our brands and operations. During the preparation of this statement, the SGH modern slavery working group consulted with relevant management, procurement and buying teams from the entities we own or control.

We gathered supplier lists, policies, detail of processes and other relevant information about SGH's supply chains and operations from each of those teams.

## From our Group Managing Director

02.

I am pleased to present SGH's third modern slavery statement, which outlines the actions that have been taken by our business during FY22 to identify, assess, and address modern slavery risks across our operations and supply chains.

SGH has continued its focus on our goal of working to identify and address any instances of modern slavery that may be present in our supply chains and operations - including any incidences of trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

Some important anti-modern slavery work was done by SGH during FY22, including the:

- development of an internal and tailored modern slavery training module to raise staff awareness of modern slavery risks and obligations;
- ongoing review of our supply chain and operations;
- development of our Corporate and Social Responsibility Strategic Framework; and
- the appointment of a Sustainability & Social Responsibility Specialist, responsible for developing and executing the CSR strategy for SGH.

The modern slavery compliance work completed in FY22 was done during a period of ongoing disruption to our supply chains caused initially by the COVID-19 pandemic and then by other global factors.

We are continuing our work to address modern slavery in a methodical and focussed way, and to improving transparency over our supply chain and operations. SGH will remain focussed on doing its part to address the global challenge of modern slavery, and to diligently work towards our goals.



**Avi Gilboa**  
Group Managing Director

This modern slavery statement was approved by the Board of Spotlight Group Holdings on 13th December 2022.

## Modern Slavery Act 2018 section 16 mandatory criteria and reporting requirements

03

We have addressed these in our statement as follows:

- 01. Identification of the reporting entity**  
This is addressed on page 3.
- 02. Description of our structure, operations, and supply chain**  
This is addressed on pages 7 - 14.
- 03. Description of the risks of modern slavery practices in our operations and supply chains and any entities we own or control**  
This is addressed on pages 16 - 26.
- 04. Description of the actions we have taken to assess and address these risks (including due diligence and remediation processes)**  
This is addressed on pages 28 - 34.
- 05. How we assess the effectiveness of our actions**  
This is addressed on pages 35 - 37.
- 06. Description of the process of consultation with any entities the reporting entity owns or controls**  
This is addressed on page 3.
- 07. Any other relevant information**  
This is included on pages 38 - 40 where we discuss the development of supplier relationships, monitoring and awareness, partnerships and an ongoing commitment to transparency.



# 04.

## About us

SGH is best known for its retail division – **Spotlight Retail Group (SRG)** which manages the following retail brands:



Harris Scarfe



SGH is a family owned and operated business, headquartered in South Melbourne, Victoria, Australia and its interests also include:

- a group property portfolio – managed under the **Spotlight Property Group (SPG)**;
- investment interests; and
- other shareholdings, a family office and a charitable foundation – the **Spotlight Foundation**.

SGH operates over 275 retail premises, across four countries, and employs over 12,000 team.

### SRG Brands

**Spotlight** is one of largest fabric, craft, party and home interiors retailers in Australasia. Spotlight's key product ranges are home décor, manchester, window furnishings, sewing, craft, art and party supplies, as well as kitchen and dining products, bath accessories and curtains and blinds.

Spotlight is a family owned and operated Australian business with stores across Australia, New Zealand and Asia. Spotlight employs more than 7,900 team members. Since the 1970s, Spotlight has grown to include 143 stores, with outlets across four countries.

The first international store opened in Singapore in 1995 and thereafter stores were opened in Malaysia in 2014. The first New Zealand store opened in Wairau Park in January 1996. Currently there are 20 Spotlight stores throughout New Zealand and the business has cemented itself as one of the major retailers in the country.

#### Spotlight procures products from 25 countries



Australia | Cambodia | Canada | China | Denmark | Egypt | Germany | Hong Kong | India | Italy | Japan | Malaysia | Netherlands | New Zealand | Pakistan | Philippines | Singapore | South Korea | Spain | Taiwan | Thailand | Turkey | United Kingdom | USA | Vietnam

**KOO** was created to inspire consumers to discover the love of home.

A standalone KOO website, koohomestore.com, was launched in September 2022. KOO's product range extends across bedroom, bathroom, homewares, curtains and blinds. KOO's home living solutions aim to help consumers to create the perfect home retreat.

koohomestore.com is currently only available to customers within Australia. KOO's VIP program, KOO Loves Club, continues to grow at a rapid pace, since its launch in September 2022.

#### Koo procures products from 25 countries



Australia | Cambodia | Canada | China | Denmark | Egypt | Germany | Hong Kong | India | Italy | Japan | Malaysia | Netherlands | New Zealand | Pakistan | Philippines | Singapore | South Korea | Spain | Taiwan | Thailand | Turkey | United Kingdom | USA | Vietnam

**Anaconda** is one of Australia's largest outdoor adventure superstore retailers. It was founded in 2004 with the aim of providing customers with a one-stop shop for outdoor, adventure and sporting equipment, providing the largest range of outdoor products in Australia. Anaconda employs over 2,800 team and has 77 stores across Australia.

**Mountain Designs** is one of the leading brands in the Australian outdoors market, ranging men's and women's apparel, hiking, camp and everyday outdoor gear, with a heritage born of the mountains. Since 1975, Mountain Designs has supported many professional explorers and mountaineers, as well as sponsoring a number of overseas expeditions and Australian adventuring firsts. Mountain Designs products are available online at [mountaindesigns.com](http://mountaindesigns.com) and in Anaconda stores Australia-wide.

### Anaconda & Mountain Designs procures products from 12 countries



Australia | China | Hong Kong | India | Italy | New Zealand | South Africa | Spain | Taiwan | Thailand | United Kingdom | USA

**Harris Scarfe** is one of Australia's longest trading retailers, with over 170 years of experience. Lanyon & Harris opened their first store in Adelaide in 1850. In 1920 the company was rebranded to Harris Scarfe, the name we all know it as today.

Harris Scarfe is a small format lifestyle store with a product range that includes sheets, quilts, pillows, pots, cutlery, glasses, kitchen accessories, women's and men's fashion, underwear, business wear, shoes and sports clothing. There are 56 retail stores across the metro and regional areas of South Australia, Victoria, Tasmania, New South Wales, ACT and Queensland. Harris Scarfe employs over 1,800 staff across Australia.

### Harris Scarfe procures products from 5 countries



Australia | China | Hong Kong | India | Poland

**Founded in 1973, by brothers Morry Fraid and Ruben Fried, SRG has grown to become a major player in the Australasian marketplace.**

### SGH Operations

Founded in 1973, by brothers Morry Fraid and Reuben Fried, SRG has grown to become a major player in the Australasian Marketplace. SRG directly employs more than 9,800 people across its operations and currently operates 276 retail stores across Australia and overseas.

The SRG brands have a shared set of values: People, Success & Excellence. These values are underpinned by our best-in-class team and product training programs, 'Talk Back to the Boss' open communication policies, and a long history of putting community values and engagement first, supported by the Spotlight Foundation.

In parallel with (and facilitating) the growth of the SRG retail store network, SGH has acquired and developed a substantial retail and commercial property portfolio, across Australia and New Zealand. SGH is a landlord to major tenants including Bunnings, The Good Guys, McDonalds, Adairs and Godfreys, as well as a significant number of SRG stores themselves.

In more recent years, SGH has continued to diversify its interests, through the Group's ownership stakes in a variety of other operating businesses, the development of a diversified investment portfolio including an active and fast growing property finance business, and the Spotlight Foundation, which seeks to make grants and donations to a range of worthy causes each year.

**ANACONDA**

**77**

Retail stores throughout Australia

**SPOTLIGHT**

**143**

Retail stores throughout Australia, New Zealand, Malaysia & Singapore

**Harris Scarfe**

**56**

Retail stores throughout Australia

## 04. About Us

### SRG Divisions

SRG operates a shared services model with the Melbourne-headquartered group supporting the retail brands in finance, IT, supply chain, marketing, digital and omnichannel, property and store development, human resources and payroll. There are smaller support group offices in New Zealand and Singapore to support the international Spotlight stores.

#### Across Brand Divisions

Marketing	Information Technology	Finance
Digital & Omni Channel	Supply Chain Distribution Centre	Property & Store Development
Human Resources		

#### New Zealand Divisions

NZ Retail Operations	SRG Human Resources & Finance	NZ Support Group - Product
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#### Asia Divisions

Asia Retail Operations	SRG Human Resources & Finance	Asia Support Group - Product
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## SRG Product Sourcing

SGH is continuing to work towards establishing a full picture of our supply chain for goods for resale sourced by SRG including:

- The total number of suppliers to our retail businesses (both direct and indirect suppliers);
- Our total spend in dollars per supplier and category of goods
- The total number of suppliers we have, segmented by country/region.

SRG procurement is undertaken via our procurement and buying teams from our support office in South Melbourne, Australia. Products that SRG sources from overseas are sourced through multiple avenues including our external sourcing agent - Glowstar Global Sourcing Organisation (**Glowstar**).

Glowstar has approximately 240 registered third-party factories located in China, India, Japan, South Korea and Pakistan, some of which produce and supply directly to SRG. Products sourced through Glowstar include those relating to bedding, bedding accessories, towels, bath accessories, window furnishings, fabrics, arts and crafts, outerwear, sleepwear, underwear and socks, footwear, bags and luggage, stationery, rainwear and fashion accessories.

Glowstar is a subsidiary of Caprice Australia Pty Ltd (**Caprice**). Caprice's head office is located in South Melbourne, Australia and its sourcing office is located in Wuxi Jiangsu, China. Caprice has developed a comprehensive Ethical Sourcing (ES) Program, the elements of which are outlined in this report. The goods that Glowstar supplies SRG are produced in factories, which are not owned or operated by Glowstar or Caprice, but are contracted to produce goods for SRG in accordance with the ES Program.





## Risks of Modern Slavery Practices

# 05.

Due to the nature of our business and the likely prevalence of modern slavery in our supply chains, we know that sourcing products comes with a modern slavery risk. We understand that the textile industry has a high modern slavery risk rating, and that we are exposed to risk as part of that industry.

The supply chains and operations of SGH's retail brands (SRG) are complex and extensive. We have continued to focus our modern slavery risk assessment and review on the factories and suppliers that we engage overseas to produce products sold in SRG retail stores. This assessment has been done using resources including the Walk Free Foundation's Global Slavery Index, and information available through suppliers, licensors, industry associations and government organisations.

We recognise that as we do not have direct visibility and control over the hiring, terms or working conditions of all of the workers in our supply chains and operations, this limits our ability to monitor our modern slavery risk. For example, if one or more of our suppliers, source factories or third-party labour recruiters engages in modern slavery practices, this could occur without our knowledge. We have therefore focussed on improving the transparency in our retail operations and will further plan and develop our approach towards the balance of SGH's dealings moving forward.

## 05. Risks of Modern Slavery

### Geographic Risk

We are aware that some of the finished goods that we sell are of a type that have been linked by the US Department of Labor to modern slavery practices, although we are not aware currently of any specific modern slavery issues that are linked to the specific products that we sell.

The SGH Supplier Code of Conduct and SGH Global Sourcing Principles, require our suppliers (and their subcontractors) to commit to not using forced, bonded or prison labour and ensure that workers' freedom of movement is not unreasonably restricted. The Code and Principles also include other modern slavery and social responsibility requirements that are relevant to the issues that have been identified in high-risk regions. SGH will continue to monitor the situation in these regions.

Our internal modern slavery training has information available on the issues that have been highlighted in these regions and provides staff with access to resources prepared by the US Department of Labor and the Australian Strategic Policy Institute.

During FY22 we identified 491 of our first-tier suppliers across SGH. We made direct contact with as many of our suppliers as possible to ask them to provide us with information about their operations, in order to allow us to understand our modern slavery risks.

**05.**  
**Risks of Modern Slavery**

Supplier location	Number	Percentage
Australia	47	31%
China	78	52%
Germany	1	0.6%
India	2	1.3%
New Zealand	5	3.3%
Pakistan	3	2%
Taiwan	2	1.3%
Thailand	1	0.6%
UK	1	0.6%
USA	1	0.6%
Unknown/Not Provided	9	6%
<b>TOTAL</b>	<b>150</b>	

SGH's ability to conduct a full review of its supply chains and operations has been somewhat hampered by:

- The time and resource constraints of our modern slavery working group – which we are working to address in FY23;
- The difficulty involved in obtaining credible or useful information from all our tier 1 and other upstream suppliers;
- The fact that our suppliers are often not incentivised or willing to provide useful information during the review process
- Traceability challenges in relation to cotton and other raw materials.

**SRG Overseas Suppliers**


**China**

We estimate that just over half of our product range is sourced from China.

SGH is aware that there are widely reported modern slavery risks in China, which include the possible use of forced or bonded labour, deceptive recruitment, child labour, exploitation of migrant workers and the underpayment of workers in the Xinjiang Uyghur Autonomous Region (XUAR). Further, SGH understands that the goods it imports from China may be at higher risk of involving forced labour.

SGH is aware that the Bureau of International Labor Affairs (**ILAB**) maintains a list of goods and their source countries which it has reason to believe are produced by child labour or forced labour in violation of international standards.

The higher risk products that SGH obtains from China to sell in its retail businesses include:

<b>SPOTLIGHT</b> 	<b>ANACONDA</b> 	<b>Harris Scarfe</b>
<b>Textiles</b>	<b>Textile &amp; Garment Production</b>	<b>Textile &amp; Garment Production</b>
<b>Housewares &amp; Decor</b>	<b>Bags &amp; Luggage</b>	<b>Bed, Bath &amp; Home Decor</b>
<b>Curtains &amp; Blinds</b>	<b>Sporting Goods</b>	<b>Sporting Goods</b>
<b>Wood Products &amp; Handicrafts</b>	<b>Footwear</b>	<b>Apparel &amp; Footwear</b>
<b>Craft Supplies</b>	<b>Goods sourced by Importers &amp; Agents</b> (ie. Sporting Goods, Apparel & Footwear)	<b>Bags &amp; Luggage</b>
<b>Haberdashery</b>		<b>Electrical</b>
<b>Jewellery</b>		<b>Goods sourced by Importers &amp; Agents</b>
<b>Goods sourced by Importers &amp; Agents</b>		

**05.**  
**Risks of Modern Slavery**

We are continuing the process of further tracing and reviewing our China based suppliers, with the goal of ensuring that we are not knowingly using raw materials sourced from high risk areas or working with any suppliers who may be suspected of using forced labour. If we become aware that any factories or other raw material suppliers that form part of our retail business supply chains are linked to forced labour or exploitation of workers in China, we will address this and ensure appropriate remediation processes are in place.

**India and Pakistan**

We source a small percentage of our products from India.

We are aware that in 2018 the Global Slavery Index 2018 reported that India, China, and Pakistan had the highest absolute number of people living in modern slavery (which accounted for 60 percent of the victims in the region). SGH is also aware, that during the COVID crisis, the Uttar Pradesh government made an ordinance exempting businesses and industries from labour laws (except for a few) for the next three years, as a measure to get the State's industrial activities back on track in wake of the COVID-19 crisis.

The higher risk products that SRG procures from India may include:

<b>SPOTLIGHT</b> 	<b>ANACONDA</b> 	<b>Harris Scarfe</b>
<b>Textiles</b>	<b>Textile &amp; Garment Production</b>	<b>Textiles</b>
<b>Handicrafts</b>	<b>Sporting Goods</b>	<b>Bedlinen</b>
<b>Craft Supplies</b>	<b>Goods sourced by Importers &amp; Agents</b> (ie. Sporting Goods, Apparel & Footwear)	<b>Napery</b>
<b>Decor &amp; Rugs</b>		<b>Towels</b>
<b>Haberdashery</b>		

If we become aware that any factories or other raw material suppliers that form part of our retail business supply chains are linked to child or forced labour or exploitation of Indian workers, we will address this and ensure appropriate remediation processes are in place.

**SRG Local Suppliers**

SGH's support office is located in Melbourne, with warehouses and retail operations across Australia, New Zealand and Asia. As most of our staff are employed by SGH in Australia, this lowers the risk of modern slavery occurring in regard to our directly employed workers.

Whilst opportunities to exploit or traffic workers within Australia are limited - because of its strong migration controls, geographic isolation, high degree of regulation, and strong compliance and enforcement.

SGH acknowledges that there are still vulnerable persons in Australia, particularly in certain sectors and industries. The GSI has reported that there are 0.65 people per thousand, equating to 15,000 people, that are victims of modern slavery in Australia. The Government Response Rating for Australia is 7/10 (This rating is a number from 1 to 10, where 10 is the highest).

In particular, we understand that there are modern slavery risks for us in Australia when we contract for cleaning services, security arrangements, freight, distribution, construction, store fitouts and logistics. We are also aware that these service providers often rely on a workforce that includes migrants, low-skilled workers of people from cultural or linguistically diverse backgrounds.

SGH is aware that its use of recruiters and third-party labour hire services, increases our modern slavery risks, especially if the workers we rely on come from vulnerable backgrounds.

## 05. Risks of Modern Slavery

We are aware that cleaning and waste management are high modern slavery risk sectors, and that our modern slavery-related issues of concern in these industries include:

- withholding of wages;
- lack of legally mandated entitlements (e.g., superannuation and leave);
- income insecurity;
- immigration-related coercion and threats (vulnerable workers on temporary work visas);
- high proportion of temporary migrant workers whose immigration status is precarious;
- deceptive recruitment;
- excessive overtime;
- debt bondage - where a person works to pay off a debt or loan, and is not paid for their services;
- confiscation of personal travel documents (e.g. passports);
- dangerous and sub-standard working conditions;
- workers with low English language competency, lack of social networks, lack of knowledge about workplace rights, and very little power to obtain redress when they experience exploitation at work; and
- sham contracting – where companies are avoiding their lawful obligations to their workers by asking them to register as independent contractors instead of paying them as employees and providing them leave and other entitlements under the relevant Award.

Following the completion of our full goods not for resale and services review, we are hopeful that we will be in a better position to report on the specific modern slavery risks that may be related to SGH, and any opportunities that we have to address these. In the meantime, our internal training will be making procurement staff aware of these risks and we will be working on internal processes to mitigate these occurring during the onboarding of new suppliers.

### Focus on 'higher risk' products sold by SRG

SGH is aware that there are modern slavery risks relating to the sourcing of raw materials such as cotton, and the production of many of our products in the Asia Pacific. Within SGH's supply chains, some key products were identified for further investigation during FY22, and this process will continue during FY23:

**Cotton and Textiles** – SGH is committed to identifying the raw and source materials that are used to make the cotton products sold by SRG. SGH is aware of the modern slavery risks associated with key growing areas where agricultural labourers are reported to be at risk of exploitation which include the XUAR in China. We are also aware of reports that China and Bangladesh are still accepting cotton from these regions, and that there is a risk that this could feed back into the supply chain.

During FY22, we continued the process of investigating our supply chains and operations with the goal of not knowingly sourcing cotton (or cotton-based products) from the Xinjiang and Dandong regions in China, due to allegations of forced labour being prevalent in these regions.

One of our main suppliers of cotton and textile products, Caprice, has advised that they undertake robust modern slavery due diligence checks (via mandatory ethical sourcing audits) on all of our third-party factories as part of their Ethical Sourcing Program.

We will be further reviewing the information provided by all our suppliers of cotton products and will continue the process of trying to trace the location of the raw materials for those products. This process will include asking suppliers for information on the source country and province of raw cotton used in our cotton and textile products. We will report further on the work undertaken to trace the source of our cotton and textile products in our FY23 statement.

We are also continuing our review of the following products procured and

## 05. Risks of Modern Slavery

sold by SRG:

- **Garments** – to identify any risks that may exist especially in relation to any of the garment products we sell that may be made in, or sourced in part from Argentina, Brazil, China, India, Malaysia, Thailand or Vietnam;
- **Carpets** – especially those made in India and Pakistan;
- **Electronics and Electrical Items** – especially those made or sourced from China or Malaysia;
- **Timber** – especially any timber-based products that have been sourced from Brazil, North Korea or Peru.

### COVID-19 Increased Risks

During FY22 we closely monitored the impact of the ongoing COVID-19 pandemic on our operations and supply chains. SGH is aware that during the COVID-19 pandemic, the risks of modern slavery in our operations and supply chain may have increased, due to the potential for human rights abusers to take advantage of the crisis, the increased number of workers at risk and the diversion of resources to manage the effects of the pandemic.

We are aware that the pandemic has likely impacted global efforts to address modern slavery risk by:

- Creating new modern slavery risks;
- Increasing the vulnerability of workers to slavery;
- Worsening discrimination;
- Increasing the risks faced by migrant workers; and
- Disruption of government and community response efforts.

We recognise that the pandemic will have lasting impacts on workers and that the real scope of increased modern slavery risk across the world has not yet been identified.

### Product Suppliers

SGH continued to face global supply chain challenges during FY22, due to reduced container availability, increased global demand and rolling pandemic impacts around the globe. We acknowledge that the factory and port closures and COVID-19 related restrictions that caused some of these issues were likely to have disrupted employment of workers in our supply chain, leading to increased vulnerabilities.

We are aware that as a business we should be doing what we can to mitigate any harmful business practices and policies. However, as with the other transparency challenges, we have struggled with recording actions taken to support suppliers. Moving forward, we are committed to gathering more information about what our buying and procurement teams are doing to support our suppliers day-to-day, so that we can work on how we can further support them and the workers they use.

### Service Providers

SGH acknowledges that the increased global demand for goods and extended lead times for manufacturing and importing goods are likely to have increased pressure on our logistics and freight providers and their workers. We are also aware that this has most likely increased the risks of modern slavery issues in this sector and that there are likely cases of excessive overtime and other issues occurring. We are aware that the Fair Work Ombudsman in Australia has identified issues relating to poor working conditions for workers in this sector and our business will continue to monitor our risks that are related to local suppliers, and we will report further on any specific issues that we uncover in our future statements.

### Team Members

In order to ensure the safety of our team members and customers, during FY22 SGH continued to maintain strict adherence with health authority advice and government requirements at our stores in Australia, New Zealand, Malaysia and Singapore, distribution centres and support group in South Melbourne. In addition, all team members were offered support via our employee assistance program which includes free counselling sessions for SGH team members and their families.



## Actions Taken during FY22 to Address Risks

06.

We have taken the following actions in FY22 to address our identified modern slavery risks. We will continue to review and address the modern slavery risks in our operations and supply chains moving forward.

### Board Level Commitment

The SGH Board is aware of its social and corporate responsibility to work to identify and address any modern slavery or serious exploitation that may be present in its operations and supply chains. SGH has strengthened its modern slavery working group and committed resources to continuous improvement in this space. SGH has made a public commitment to address any instances of modern slavery in its supply chains and policies on these are supported at the top level of management.

### Modern Slavery Working Group

SGH has committed significant time and other resources to addressing our modern slavery risks and is focussed on continuous improvement in regard to modern slavery compliance.

SGH has a modern slavery working group, overseen by our Senior Legal Counsel. In January 2022 we also appointed a part-time Sustainability & Social Responsibility Specialist, responsible for developing and executing the Corporate Social Responsibility (CSR) strategy for SGH. This role fundamentally assists in our organisation's success by leading, influencing, educating and supporting key stakeholders including CSR brand leads, ELT and CEOs to grow capability and understanding to manage environmental and social risks including modern slavery. This position is also responsible for the development and integration of CSR initiatives and associated projects to achieve strategic business goals and operational objectives. As part of our commitment to constant and never-ending improvement in CSR, we have further invested in our in-house Sustainability & Social Responsibility Specialist in a dedicated and full-time capacity from December 2022.

We have also continued our partnerships with external consultants in order to continue to drive our Modern Slavery strategy and initiatives.

### Product Supplier Review

During FY22 we updated our supplier review forms and continued our product supplier review. Our goal has been to gather more detailed information about our suppliers and identifying the source of the goods we sell in our retail businesses.

Our external compliance consultants developed updated fillable audit check forms to send our suppliers for their completion. These ask our suppliers to provide us with information including:

- If they have written policies on matters such as wages, compensation, discrimination, harassment in the workplace, health and safety, freedom of association, no child labour, no forced labour, checks to be done on suppliers of raw materials and a grievance system for workers;
- If they have any current independent audit reports or certification documents that may demonstrate their compliance with the relevant requirements set out in the SGH Supplier Code of Conduct and SGH Global Sourcing Principles (which they will be sent and asked to adhere to);
- If they are able to provide any recent independent audit reports, certification documents or other evidence of modern slavery compliance in relation to the products that they supply to SGH; and
- Whether their business/ staff has done any modern slavery training.

By the end of FY22, we had contacted 491 suppliers and had received 150 responses to our review. We then sent a number of follow up emails and have since received more detailed information from our suppliers. This process of supplier identification and risk review is therefore ongoing.

During FY22 we were also able to offer assistance and modern slavery training to some 27 of our smaller suppliers. We will continue to offer this support and assistance as we learn more about our supply chain and the challenges that our suppliers face.

### Goods not for Resale and Services Review

Work has progressed on the development of a process that will allow us to complete a full review of our goods not for resale suppliers and service providers. As previously noted, given the ongoing work on our product review, we anticipate that we will start this review across FY23 - 24. Our work in this area will build on the risk identification processes we have started to implement, and will initially focus on our freight, logistics, waste management and cleaning services suppliers, being the higher risk sectors that we engage with. We will report on our progress in our next statement.

SGH is aware that the current pressures on the global freight sector - as a result of the growth of online shopping during COVID-19, border restrictions and related issues - may have led to deteriorating worker conditions in the freight and logistics businesses that we utilise. We will therefore be doing what we can to ensure our suppliers are meeting our required standards and not engaging in any modern slavery practices.

SGH is also aware that cleaning and waste management services are higher risk industries and we have been working on the supplier review process that we will need to undertake in relation to suppliers who provide these services to SRG. During FY21, our external consultants assisted us with developing audit forms that we will be asking our services providers to complete so that we can gather more information about their modern slavery related processes.

### Supplier Audit Process

In addition to procuring a substantial range and volume of products for resale directly from Caprice Australia Pty Ltd (**Caprice**), SRG procures a significant number of its products 'for re-sale' and 'not for re-sale' through Glowstar Global Sourcing, which is a subsidiary of Caprice.

Caprice has issued modern slavery statements which outline its opposition to slavery in all its forms, including human trafficking, slavery and slavery like practices, such as forced labour and child labour.

Caprice has an Ethical Sourcing Program that covers both Caprice and

Glowstar factories which supply product to SRG. In addition to its modern slavery statements, Caprice has published the following documents which outline their program:

- Caprice Ethical Sourcing Program
- Caprice Ethical Sourcing Supplier Manual
- Caprice Ethical Sourcing Code

Caprice is also a member of BSCI and Sedex (Supplier Member B category). Under the Caprice Ethical Sourcing Program, Caprice will accept the following ethical sourcing audits as part of its mandatory audit requirements: BSCI, SMETA, SA8000, WRAP, ICTI, FLA, Kmart/Target Aust, Disney ILS, Walmart RS.

Caprice conduct audits on all their third-party factories and these audit reports are made available to SRG for our review. These reports and set out any major or minor issues that are to be addressed by use of a Corrective Action Plan which is put in place, if required, following the audit.

During FY22, we asked for more information from Glowstar about the factories that supply product to SRG and were audited by Glowstar on our behalf. We received 59 detailed responses from our Glowstar suppliers. We are still in the process of reviewing these reports and other information and will report in detail on any relevant findings in our FY23 statement.

As part of our process of review of our geographic risks, we also gathered information from Caprice about its sourcing of cotton products out of China. Caprice has advised that neither Caprice nor Glowstar directly engage any supplier factories located in the Xinjiang region. Furthermore, Caprice advised that they had not been made aware by any suppliers manufacturing product for SRG that they are sourcing cotton from the Xinjiang region.



## 06.

### Actions taken to Address Risks

SRG departments also use other overseas sourcing agents to source product on our behalf or deal directly with our suppliers. If the product is sourced from a non-Glowstar overseas vendor then SRG buyers follow this basic process:

- SRG meets the new factory via international fairs / via introduction email (or as circumstances permit during the COVID-19 pandemic).
- SRG requests information about which companies they currently supply to in Australia and/or the United States of America (to gain an understanding of the level of the factory and its standards) and obtains a copy of any available factory certifications e.g., BSCI, WRAP, SEDEX, SMETA, ISO, ICS, RWS, PGS Audit; and
- SRG provides the suppliers with its Trading Terms, Vendor Compliance requirements, together with a copy of the SGH Code of Conduct and SGH Global Sourcing Principles.
- Whilst an SRG representative does not visit every factory that SRG purchases from, or inspect all goods prior to shipping, SRG team members have made visits to most of our large suppliers.

#### Update and Development of Internal Policies and Processes

During FY22, SGH devoted considerable time and resources to updating and developing its range of corporate social responsibility policies. These policies communicate our standards and requirements to the business partners in our supply chain.

The **SGH Code of Conduct** sets out fundamental requirements for all of our suppliers and business partners (including all authorised sub-contractors or raw materials suppliers). The requirements of this Code will need to be satisfied by all suppliers to SGH, and we are continuing to work with our suppliers to have them all agree and commit to the code during FY23.

These policies will sit alongside and compliment the Caprice Ethical Sourcing Code (in relation to goods sourced from Caprice and Glowstar) and will cover the goods and services that SGH procures independently of Caprice and Glowstar. This Code applies to all trade partners, vendors and factories supplying goods to SGH (including all authorised sub-contractors or raw material suppliers) and all other goods and service providers.

We also continued to review and implement our **SGH Global Sourcing Principles** which set out the fundamental requirements and minimum standards that must be followed by our suppliers.

In FY22 we reviewed the **SRG Trading Terms** (for merchandise suppliers) or **SGH Supply Agreement** (for all other service and goods suppliers) and will implement these in FY23 so that by signing these or accepting a purchase order and/or providing goods and services to SGH, Suppliers will confirm their commitment to continued compliance with the Code and the Principles.

International merchandise suppliers to SRG are currently required to agree to its International Vendor Trading Terms which includes social responsibility requirements.

During FY21 SGH also updated its SGH Supply Agreement to include express warranties from suppliers that the supplier has not and will not engage in modern slavery, corruption or bribery and will notify SGH immediately if it becomes aware of any potential, suspected or actual issues in its supply chain or operations.

SGH has a **Whistleblower Policy** for Australia and New Zealand to support the disclosure by individuals of wrongdoing occurring within SGH. We support and will foster an environment in which staff and suppliers can report and raise any modern slavery-related concerns, and in which SGH can respond and rectify any compliance concern in a timely and appropriate way.

SGH is finalising its **Supplier Remediation Guidelines** to provide general guidance to SGH staff and its auditors if there is a need to remediate or address issues that are identified as non-compliance with the fundamental requirements of the Code of Conduct or Principles. We are also in the process of finalising our **Anti-Bribery and Corruption Policy**.

#### Development of Modern Slavery Training

During FY22, we conducted a review of our internal modern slavery training, and made some changes to the format and content with the goal of ensuring it was practical, relevant and useful in terms of educating our executive, buying and procurement teams on modern slavery risks and issues.

## Assessment of Actions Taken

# 07.

This training has been designed to assist our buying and procurement teams to understand SGH's modern slavery risks, and to allow the identification of modern slavery related issues in our supply chains and operations.

This training provides our teams with information about the business' reporting obligations under the Modern Slavery Act 2018 and also other modern slavery legislation and initiatives around the world. Our staff will also be given the opportunity to ask questions and request more information about specific industry or product related modern slavery risks from our external compliance team when they complete the training module.

The roll out of this new training will continue in FY23. We will keep a record of all training offered and completed during the training roll-out and thereafter on an ongoing basis. New staff will also be required to complete the training where relevant.

### Cooperation with External Agencies and Community Initiatives

We have implemented requirements for doing business with SGH that are based on the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration on Human Rights, the International Labour Organisation's (ILO) Core Conventions, the Ethical Trading Initiative (ETI) Base Code (which is founded on the conventions of the ILO), national legislative requirements and accepted best ethical and sustainable business practice.

We continue to support the community via the Spotlight Foundation and our partnerships with the Starlight Children's Foundation, Australia Zoo Wildlife Warriors, Good360 and World Vision. More information is available here: [www.spotlightstores.com/community-support](http://www.spotlightstores.com/community-support)

We are focused on measuring and evaluating the effectiveness of the actions we have taken to address modern slavery risks in our supply chains and operations. This will continue to be our focus moving forward.

### Modern Slavery KPIs

SGH has been able to measure its performance against the set of modern slavery KPIs that we developed for FY22. We have been able to meet our goals for FY22 by:

- Reviewing and rolling out our new internal training module;
- Finalising our SGH Supplier Code of Conduct and the SGH Global Sourcing Principles;
- Conducting our review of SRG's suppliers of products (this is ongoing);
- Making preparations for the full review of services and goods not for re-sale (to be conducted during FY23-24);
- Developing a set of remediation guidelines to provide guidance to our staff, suppliers and auditors if there is a need to remediate or address issues that are identified as non-compliance with the modern slavery and social responsibility requirements that are included in the SGH Supplier Code of Conduct and the SGH Global Sourcing Principles (including a Corrective Action Plan and supporting documentation for staff and suppliers); and
- Working to identify opportunities to collaborate with relevant groups and organisations that are focused on the management and eradication of modern slavery.

**Our modern slavery KPIs for FY23 are:**

1. Roll out our new modern slavery training module to all relevant staff;
2. Implement initiatives under our new Corporate Social Responsibility Strategic Framework;
3. Finalise the appointment of our Sustainability & Social Responsibility Specialist, responsible for developing and executing the CSR strategy for SGH;
4. Roll out the SGH Supplier Code of Conduct and the SGH Global Sourcing Principles to all new and existing suppliers;
5. Conduct a full review SRG's suppliers of products by end FY23;
6. Commence work on the review of services and goods not for re-sale (to be conducted during FY23-25);
7. Finalise our remediation guidelines to provide guidance to our staff, suppliers and auditors if there is a need to remediate or address issues that are identified as non-compliance with our Code and Principles; and
8. Identify opportunities to collaborate with relevant groups and organisations that are focused on the management and eradication of modern slavery.

We will report on our performance against these KPIs in our FY23 statement.

**Review of Supplier Audits**

Currently we are tracking the effectiveness of our anti-modern slavery work by reviewing the audits and checks on compliance that are done by Caprice and Glowstar to determine if there are improvements in compliance or further systemic issues that need addressing.

During FY22 Glowstar conducted audits on factories they engage for our benefit and we will continue to review these reports and take any further actions that are deemed necessary. As part of the audit process, Glowstar and Caprice's auditors gather information relevant to modern slavery, human trafficking and other risks and conduct checks on general compliance matters such as factory licences, building layouts, fire drill records, health and first aid certificates, working hours, wage records, pay slips, injury records and environmental impact assessment reports and approvals.

**Audit Follow-Ups**

Where the internal or Caprice due diligence or audit process finds supplier non-compliance issues, we will require the supplier to identify corrective actions and timeframes for completing these actions.

SGH will continue to work with Glowstar and all its other suppliers in FY23, to improve standards where it can, and to ensure the requirements of the Code and Principles are adhered to.

**Monitoring of Whistleblower Reports**

We are also committed to addressing any issues that may come to our attention through our Whistleblower process, and to providing and promoting an avenue for workers to bring any issues of non-compliance with our Code and Principles to our attention. We did not receive any such reports during FY22.

### Implementation of our Corporate Social Responsibility Strategic Framework

During FY22 we worked with an external consultant to develop this framework which we will be working to implement in the future. We are committed to developing strong support within our business for our new CSR strategy and framework, and will work to ensure that this is connected to our brand values, culture and customer needs.

We have identified that there is a need within our business for a more structured approach to CSR, with fewer and more impactful initiatives, which are well communicated within the business. We are also aware that we need to focus our efforts and balance these against the time and cost pressures that are faced by all retail businesses. We look forward to reporting on the implementation of our new CSR framework in coming statements.

### Supplier Review and Relationships

During FY23 we will continue our process of mapping out our supply chain to identify who all our suppliers are, and we will try to gather as many audit reports, certifications and other information as we can, to provide us with usable and up to date lists of where the products sold by SGH come from.

The information that we gather and collate will be reviewed to identify any systemic issues of concern or specific modern slavery risks. We will also use this process as a way to identify where our risks are, so that we can focus our internal training and staff awareness on these issues. We consider that it is very important that key staff members who are involved in buying and procurement (including new starters) are across the issues and are supported to take steps to mitigate our modern slavery risks. This will be a focus for us moving forward.

We are also working to address the challenges we have faced in relation to getting useful and credible information from our suppliers about their workplace practices and policies. We will be exploring options to assist us with this process including:

- Offering further support and access to modern slavery training for our suppliers;
- Supporting our buying and procurement teams to identify and address modern slavery risks;
- Communicating our expectation that suppliers notify SGH immediately if they become aware of any potential, suspected or actual issues in their supply chain or operations (as required by our supply agreement);
- Possibly obtaining supplier affidavits attesting to the specific origin of higher risk products to provide us with certification that (to the knowledge of our supplier) no forced or other prohibited forms of labour were used in the supply chain for the product;
- Review of our invoices, order records, and other documentary evidence to obtain more details supplier and country of origin information to better inform our modern slavery risk assessment process;
- Further introduction and enforcement of contractual provisions providing assurances and addressing performance obligations of suppliers; and
- The use technological approaches to prove the provenance of products and inputs for our higher risk products.

### Monitoring and Awareness

Our modern slavery working group will continue to monitor emerging human rights risks in the geographic locations from which we source our products. Once our ongoing product supplier review is complete, we will use the information gathered to pinpoint the regions and areas that are of concern and that pose a specific risk to our business.

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### Partnerships

In future we will seek further opportunities to work with our overseas suppliers and community organisations that can assist us to mitigate our modern slavery risks. This will include seeking the advice and guidance from Caprice and Glowstar as to how we can best assist suppliers that we rely on for our products.

### Ongoing Commitment to Transparency

During FY23-24 we will be updating our websites to include our modern slavery and other CSR initiatives. We feel that this publication is a valuable way for SGH to communicate the elements of its modern slavery and human rights program, and to also demonstrate our commitment to this process.